

In presenting what I conceived to be a balanced and realistic appraisal of Soviet economic strength, there is always the risk that some newspapers may by selection convey a different impression than intended. My message was certainly not one of complacency about Soviet economic growth. Further, I do not see how anyone could take much comfort from the statement that Soviet industry is likely to grow from about 40 per cent of U. S. in 1958 to 60 per cent in 1970.

Sincerely,

SIGNED

Allen W. Dulles
Director

ORR/ [] rad 27 Apr 1959

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28 APR 1959

Mr. Herbert S. Levine

Dear Mr. Levine:

The statement in my April 8 speech delivered to the Edison Electric Institute that Soviet industry "was no more than 40 per cent of U. S. industry" is our best estimate based on the latest information. This does represent a downward revision of the estimate that Soviet industry was 40 per cent of U. S. industry for 1956 which I quoted a year ago. The revision resulted in part from the use of a more complete set of 1955 ruble-dollar price ratios than was formerly available and from other new data. For example, the Soviet's own data on electric power input to industry in 1958 showed it to be slightly less than 40 per cent of comparable electric power input in the United States.

It must be granted that there is always the possibility of a considerable margin of error in future projections. Your calculation that Soviet industry might reach 70 per cent of U. S. industry by 1970 is within the realm of possibility. Equally it is possible that Soviet industry may be less than 60 per cent of U. S. industry, the projection which I cited. As my speech makes clear, however, I do not believe it is likely that Soviet industry will catch up as rapidly with that of the United States as you believe, unless U. S. growth is very much slower than expected.

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D-R-A-F-T

This does

Dear Mr. Levine:

and from other new data

The statement in my April 8 speech delivered to the Edison Electric Institute that Soviet industry "was no more than 40 percent of US industry" is our best estimate based on the latest information. ~~It~~ represents a downward revision of the estimate that Soviet industry was 40 percent of US industry for 1956 which I quoted a year ago. The revision ~~involved among other measures,~~ *resulted from* the use of a more complete set of 1955 ruble-dollar price ratios than was formerly available. *For example,* ~~Incidentally,~~ the Soviet's own data on electric power input to industry in 1958 showed it to be slightly less than 40 percent of comparable electric power input in the United States.

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It must be granted that there is a considerable margin of error in ~~our~~ future projections. Your calculation that Soviet industry might reach 70 percent of US industry by 1970 is within the realm of possibility. Equally it is possible that Soviet industry may be less than 60 percent of US industry, the projection which I cited. As my speech makes clear, however, I do not believe it is likely that Soviet industry will catch up as rapidly with that of the United States as you believe, unless US growth is very much slower than expected.

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Allen W. Dulles
Director

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CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS	INITIALS	DATE		
1	[Redacted]	Elh	27 Apr		
2	Asst. to DCI				
3					
4					
5					
6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks:					
<p>The DCI asked that you look over the changes he has made in the attached draft letter to Mr. Levine.</p> <p>If you agree with them he will have it put in final form and send it along.</p> <p>1-2 / Looks fine to me.</p> <p>[Redacted]</p>					
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